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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For quarterly period ended March 31, 1992

OR

P 92.2267

For the transition period from _____ to _____

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 0-18204

AJAY SPORTS, INC.
(Exact name of registrant as specified in its charter)

Delaware	39-1644025
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1501 E. Wisconsin Street, Delavan, Wisconsin	53115
(Address of principal executive offices)	(Zip Code)

(414) 728-5521
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such report), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No _____

Number of shares of common stock outstanding at May 4, 1992: 8,045,342

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Part I. Financial Information

Item 1. Financial Statements

AJAY SPORTS, INC. AND SUBSIDIARY

Consolidated Balance Sheets
(Unaudited)

ASSETS	March 31, 1992	December 31, 1991
Current assets:		
Cash and cash equivalents	$ 253,000	$ 11,000
Trade accounts receivable	5,142,000	2,839,000
Inventories	7,578,000	7,622,000
Prepaid expenses and other current assets	83,000	71,000
Total current assets	13,056,000	10,543,000
Machinery and equipment	60,000	60,000
Less accumulated depreciation	9,000	7,000
Net machinery and equipment	51,000	53,000
Investments in and advances to affiliates	852,000	1,005,000
Other assets	191,000	191,000
Total assets	$ 14,150,000	$ 11,792,000
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	1,574,000	1,952,000
Accrued expenses	569,000	666,000
Due to affiliates	1,087,000	971,000
Total current liabilities	3,230,000	3,589,000
Bank loan	7,469,000	5,304,000
Long term debt	-	2,950,000
Total liabilities	10,699,000	11,843,000
Stockholder's equity (deficit)		
Preferred stock	2,950,000	-
Common stock	80,000	83,000
Common stock subscribed	130,000	-
Additional paid-in capital	3,712,000	3,848,000
Accumulated deficit	(3,374,000)	(3,781,000)
Unamortized compensation expense	(147,000)	(201,000)
Total stockholders' equity (deficit)	3,451,000	(51,000)
Total liabilities & stockholders' equity (deficit)	$ 14,150,000	$ 11,792,000

AJAY SPORTS, INC. and SUBSIDIARY
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Net sales	$ 7,539,000	$ 5,841,000
Cost of sales	5,995,000	4,600,000
Gross profit	1,544,000	1,241 000
Selling, general and administrative expenses	761,000	863,000
Operating income	783,000	378,000
Non-operating expenses, net:		
Interest income	(13,000)	(65,000)
Interest expense, net	407,000	261,000
Other, net	(23,000)	(10,000)
Total non-operating expense	371,000	186,000
Income before income taxes and extraordinary item	412,000	192,000
Income tax expense	(165,000)	(75,000)
Income before extraordinary item	247,000	117,000
Extraordinary item - utilization of net operating loss carryforward	160,000	75,000
Net earnings	$ 407,000	$ 192,000
Earnings per common and common equivalent share (primary and fully dilutive):		
Income before extraordinary item	$ 0.03	$ 0.01
Extraordinary item	0.02	0.01
Net earnings	$ 0.05	$ 0.02
Weighted average common and common equivalent shares outstanding:		
Primary	8,790,000	8,301,000
Fully dilutive	8,832,000	8,301,000

AJAY SPORTS, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

Three months ended March 31, 1992 and 1991
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
Cash flows from operating activities:		
Net earnings	$ 407,000	$ 192,000
Adjustments to reconcile net cash provided by operating activities:		
Depreciation and amortization	17,000	62,000
Other	-	(65,000)
Change in assets and liabilities:		
Trade accounts receivable, net	(2,303,000)	(2,314,000)
Inventories	44,000	(390,000)
Prepaid expenses and other current assets	(12,000)	(39,000)
Accounts payable	(378,000)	222,000
Accrued expenses	(97,000)	40,000
Due to affiliates	16,000	247,000
Net cash used in operating activities	(2,306,000)	(2,045,000)
Cash flows from investing activities:		
Capital expenditures	-	(10,000)
Investments in and advances to affiliates	153,000	(66,000)
Net cash provided by (used in) investing activities	153,000	(76,000)
Cash flows from financing activities:		
Proceeds from note payable to affiliate and common stock subscribed	230,000	-
Net change in bank loan	2,165,000	2,105,000
Net cash provided by financing activities	2,395,000	2,105,000
Net increase (decrease) in cash and cash equivalents	242,000	(16,000)
Cash and cash equivalents at beginning of period	11,000	22,000
Cash and cash equivalents at end of period	$ 253,000	$ 6,000
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 338,000	$ 228,000
Cash paid for income taxes	5,000	-
Interest receivable converted into additional advances to affiliate	-	65,000

Notes to Consolidated Financial Statements

Note 1. Footnote Disclosure

Footnote disclosures which would substantially duplicate the disclosures contained in the Ajay Sports, Inc. and Subsidiary (the Company) Annual Report on Form 10-K for the year ended December 31, 1991, have been condensed or omitted. These unaudited consolidated financial statements should be read in connection with the audited consolidated financial statements and notes thereto included in Company's Annual Report on Form 10-K.

The unaudited consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to fairly state the results for the periods presented and to present fairly the financial position of the Company as of March 31, 1992.

Note 2. Inventories

At March 31, 1992 inventories consisted of the following:

Raw Materials	$ 4,716,000
Work in Process	722,000
Finished Goods	2,140,000
	$ 7,578,000

Note 3. Stockholders' Equity

In March 1992 the Company authorized a private placement to offer for sale up to a total of 8 units (the "Units") on a "best-efforts" basis, at $85,000 per Unit, for an aggregate offering of up to $680,000, (the "Private Offering"), each Unit consisting of 100,000 shares of common stock, and 50,000 warrants (the "Warrants"), each Warrant exercisable to purchase one share of common stock at $1.00 per share for a period of one year; however, if the average market price of the common stock between August 17 and August 28, 1992 is below $2.00 per share, the exercise price of the Warrants will be reduced to 50% of the market price of the common stock on August 31, 1992 (the "Reset Provision"), but if during any five consecutive days between May 1 and August 14, 1992 the bid price of the common stock is $2.50 per share or higher, the Reset Provision will be terminated. As of April 15, 1992, 1.5 units for $130,000 had been subscribed for. The Company plans to repay loans totaling $655,000 granted in 1992 by Roadmaster Industries and other affiliates with the proceeds from the private offering. $555,000 of such loans are due on demand and bear interst at 10%. $100,000 of such loans are due in 90 days and bear interest at 8.5%.

In January 1991 Ajay entered into an employment agreement with an officer. In connection with this agreement, the officer was issued an aggregate of 350,000 shares of the Company's common stock. During the quarter ended March 31, 1992 the Company

recorded a reduction of capital stock outstanding, additional paid-in capital and unamortized compensation expense of $3,000, $136,000 and $139,000, respectively. This represented two-thirds of the 350,000 shares, which were forfeited upon termination of employment.

Note 4. Subsequent Events

Effective March 31, 1992 the remaining $2,950,000 principal amount of the amended Subordinated Note held by Roadmaster Corporation was converted into 29,500 shares of Series A 8% Cumulative Convertible Preferred Stock of the Company (the "Series A Preferred Stock"). The Series A Preferred Stock has a liquidation preference of $100 per share, plus any accrued but unpaid dividends. Cumulative dividends of 8% per annum accruing from the date of issuance are payable when, as and if declared by the Board of Directors, but in no event before January 1, 1994. The Series A Preferred Stock is convertible into shares of Common Stock at the option of the holder beginning January 1, 1993 at $2.50 per share and beginning January 1, 1994 at $3.00 per share. The Series A Preferred Stock is redeemable at any time solely at the option of the Company at $100 per share plus accrued and unpaid dividends but may be redeemed prior to January 1, 1994 only if and to the extent the Company acquires new equity capital after April 15, 1992.

A shareholder loaned the Company $100,000 at 8.5% interest due in 90 days. In April 1992 Equitex, Inc. and Roadmaster Industries, Inc. loaned $105,000 and $450,000, respectively to the Company. The loans bear interest at 10% and are due on demand.

On April 14, 1992 the Company entered into an amended lending arrangement with Security Pacific (the "Total Credit Facility") which provides Ajay with a separate lending arrangement. Under the Total Credit Facility, Ajay has a revolving credit facility of up to $10,000,000 for a 21-month term, based on eligible accounts receivable and eligible raw material and finished goods inventories, and a seasonal inventory subline of up to $500,000. In addition, Ajay has a letter of credit facility of up to $2.5 million for the purchase of finished goods and component parts inventory for a 21-month term which requires a fee of 1.5% per annum on outstanding letters of credit. The revolving credit facility and the seasonal subline facility bear interest at 2% and 3%, respectively, above the bank's prime lending rate. The revolving credit facility is payable as inventories are sold and receivables are collected and may not exceed 85% of eligible accounts receivable and 60% of eligible inventories. If the outstanding borrowings are prepaid, Ajay will incur a 2% prepayment fee. The Total Credit Facility contains covenants related to maintaining minimum adjusted net worth and certain ratios, and places restrictions on future business combinations, compensation, certain investments, and capital expenditures. The Total Credit Facility prohibits the payment of dividends by Ajay to the Company. The borrowings are secured by all of Ajay's assets and certain stock owned by Equitex, Inc. and are guaranteed by the Company and Equitex, Inc.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Financial Condition - At March 31, 1992 the Company had working capital of $9,826,000 as compared with $6,954,000 at December 31, 1991. The ratio of current assets to current liabilities at March 31, 1992 was 4.0 to 1.0 compared with 2.9 to 1.0 at December 31, 1991. Working capital was provided by the increase in accounts receivable and inventory.

At March 31, 1992 the Company had increased its long term borrowings by $2,165,000 since December 31, 1991. This was primarily due to seasonal increases in accounts receivable. Effective March 31, 1992 the remaining amount of the Company's amended Subordinated Note was converted into 29,500 shares of Series A 8% Cumulative Convertible Preferred Stock. See "Notes to Consolidated Financial Statements".

Liquidity - At March 31, 1992 Ajay had $7,469,000 outstanding under a $10,500,000 revolving line of credit. At March 31, 1992 Ajay had unutilized credit available under the lending arrangement of approximately $223,000. On April 14, 1992 the Company entered into an amended lending arrangement with Security Pacific (the "Total Credit Facility") which provides Ajay with a separate lending arrangement. Under the Total Credit Facility, Ajay has a revolving credit facility of up to $10,000,000 for a 21-month term, based on eligible accounts receivable and eligible raw material and finished goods inventories, and a seasonal inventory subline of up to $500,000. In addition, Ajay has a letter of credit facility of up to $2.5 million for the purchase of finished goods and component parts inventory for a 21-month term which requires a fee of 1.5% per annum on outstanding letters of credit. The revolving credit facility and the seasonal subline facility bear interest at 2% and 3%, respectively, above the bank's prime lending rate. The revolving credit facility is payable as inventories are sold and receivables are collected and may not exceed 85% of eligible accounts receivable and 60% of eligible inventories. If the outstanding borrowings are prepaid, Ajay will incur a 2% prepayment fee. The Total Credit Facility contains covenants related to maintaining minimum adjusted net worth and certain ratios, and places restrictions on future business combinations, compensation, certain investments, and capital expenditures. The Total Credit Facility prohibits the payment of dividends by Ajay to the Company. The borrowings are secured by all of Ajay's assets and certain stock owned by Equitex, Inc. and are guaranteed by the Company and Equitex, Inc. The Company believes that its asset-based lending arrangement provides adequate liquidity for the Company to meet its obligations in the foreseeable future. Management believes that the revolving credit facility and anticipated cash flows are adequate to support its future operations. Effective March 31, 1992

the remaining $2,950,000 principal amount of the amended Subordinated Note held by Roadmaster was converted into 29,500 shares of Series A 8% Cumulative Convertible Preferred Stock of the Company (the "Series A Preferred Stock"). The Series A Preferred Stock has a liquidation preference of $100 per share, plus any accrued but unpaid dividends. Cumulative dividends of 8% per annum accruing from the date of issuance are payable when, as and if declared by the Board of Directors, but in no event before January 1, 1994. The Series A Preferred Stock is convertible into shares of Common Stock at the option of the holder beginning January 1, 1993 at $2.50 per share and beginning January 1, 1994 at $3.00 per share. The Series A Preferred Stock is redeemable at any time solely at the option of the Company at $100 per share plus accrued and unpaid dividends but may be redeemed prior to January 1, 1994 only if and to the extent the Company acquires new equity capital after April 15, 1992. See "Notes to Consolidated Financial Statements".

In April 1992 Equitex, Inc. and Roadmaster Industries, Inc. loaned $105,000 and $450,000, respectively to the Company. The loans bear interest at 10% and are due on demand. In addition, a shareholder loaned the Company $100,000 at 8.5% interest due in 90 days. In March 1992 the Company authorized a private placement to offer for sale up to a total of 8 units (the "Units") on a "best-efforts" basis, at $85,000 per Unit, for an aggregate offering of up to $680,000, (the "Private Offering"), each Unit consisting of 100,000 shares of common stock, and 50,000 warrants (the "Warrants"), each Warrant exercisable to purchase one share of common stock at $1.00 per share for a period of one year; however, if the average market price of the common stock between August 17 and August 28, 1992 is below $2.00 per share, the exercise price of the Warrants will be reduced to 50% of the market price of the common stock on August 31, 1992 (the "Reset provision"), but if during any five consecutive days between May 1 and August 14, 1992 the bid price of the common stock is $2.50 per share or higher, the Reset Provision will be terminated. As of April 15, 1992, 1.5 units for $130,000 had been subscribed for. The Company plans to repay the above loans with the proceeds from the Private Offering. See "Notes to Consolidated Financial Statements".

Results of Operations - During the quarter ended March, 31, 1992 the Company had net sales of $7,539,000 compared to $5,841,000 for the same period in 1991. Sales of golf products, the primary focus of the Company's business, increased 34% in the first quarter of 1992 compared with the comparable period of the previous year. This principally was a result of a strong performance in golf glove and golf bag sales.

Gross profit for the three months ended March 31, 1992 expressed as a percent of net sales, decreased slightly to 20.5% compared to 21.2% for the same period in 1991. The slight gross profit percent decrease was a result of a change in the mix of products sold.

Operating income for the first quarter of 1992 was $783,000, an increase of $405,000 compared to the first quarter of 1991. The increase is a direct result of maintaining gross profits on increased sales and significant reduction in the percentage of selling, general and administrative expenses. Selling, general and administrative expenses decreased $102,000 for the three months ended March 31, 1992 compared to 1991. Selling, general and administrative expenses expressed as a percent of net sales were 10.1% for the first quarter of 1992 versus 14.8% for 1991. The principal reason for the reduction was attributable to reduction of certain fixed operating costs in personnel, advertising programs and other related operating costs.

Interest expense, expressed as a percent of net sales, was 5.4% for the first quarter of 1992 compared to 4.5% for the first quarter of 1991. Non-operating expense (primarily interest), increased $185,000 from the first quarter of 1991 to the first quarter of 1992, resulting from a temporary increase in letter of credit financing to finance significant first quarter inventory purchases.

As a result of the above, the net income for the first quarter ending March 31, 1992 was $407,000, compared to $192,000 for the same period last year.

Part II. OTHER INFORMATION

Item 3. Defaults Upon Senior Securities

a) The Company was in default in the amount of $2,950,000 under its Subordinated Note. During the quarter ended March 31, 1992 the Subordinated Note was converted into Series A 8% Cumulative Convertible Preferred Stock. See "Management Discussion and Analysis of Financial Condition and Results of Operation - Liquidity".

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits - None

b) Reports on Form 8-K - None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AJAY SPORTS, INC.
Registrant

DATE: May 4, 1992

BY: Joseph W. Hovorka

Joseph W. Hovorka
President, Treasurer, Chief
Financial Officer and Director